

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS
AND INDEPENDENT JOINT AUDITORS' REPORT
FOR THE PERIOD FROM 8 FEBRUARY 2012 TO 31 DECEMBER 2012**

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 FEBRUARY 2012 TO 31 DECEMBER 2012**

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License No. 46/11/323 issued 11/3/1992

**INDEPENDENT JOINT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Scope of audit

We have audited the accompanying statement of financial position of Saudi Enaya Cooperative Insurance Company – a Saudi Joint Stock Company ('the Company') as at 31 December 2012 and the related statements of shareholders' operations, shareholders' comprehensive income, changes in shareholders' equity and shareholders' cash flows for the period from 8 February 2012 to 31 December 2012. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Financial Reporting Standards and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified opinion

In our opinion, the financial statements taken as a whole present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

Without qualifying our opinion, we draw attention to note 1 to the financial statements. As stated therein, the first fiscal year will commence on the issuance date of the Ministerial Resolution declaring the incorporation of the Company, which was dated 16 Rabi Al-Awwal 1433 H (corresponding to 8 February 2012) and will end on 31 December the following year, being 31 December 2013. These financial statements cover the period from 8 February 2012 to 31 December 2012 and have been prepared to comply with the requirements of the Capital Market Authority.

We further draw attention to the fact that these financial statements are prepared in accordance with International Financial Reporting Standards and not in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Licence No. 356



for KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
Certified Public Accountant
Licence No. 382



Jeddah, Kingdom of Saudi Arabia
6 Rabi Al Thani 1434H
Corresponding to 16 February 2013

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF FINANCIAL POSITION
As at 31 December 2012**

	<i>Notes</i>	<i>SR'000</i>
SHAREHOLDERS' ASSETS		
Cash and cash equivalents	3	310,804
Prepayments and other assets	4	718
Amounts due from a related party	14	339
Intangible assets	5	1,538
Furniture, fittings and equipment	6	11,972
Statutory deposit	7	40,000
TOTAL SHAREHOLDERS' ASSETS		365,371
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Accruals and other payables	8	4,883
Accrued Zakat	13	3,862
Amounts due to related parties	14	13
Employees' end of service benefits		529
Total shareholders' liabilities		9,287
Shareholders' equity		
Share capital	9	400,000
Loss for the period		(43,916)
Total shareholders' equity		356,084
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		365,371



Chairman



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 19 form an integral part of these financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF SHAREHOLDERS' OPERATIONS

For the period from 8 February 2012 to 31 December 2012

	<i>Notes</i>	<i>SR'000</i>
EXPENSES		
Pre-incorporation expenses written-off	10	(9,170)
General and administration	11	(24,237)
		<u>(33,407)</u>
Investment income		388
Net loss for the period		<u><u>(33,019)</u></u>
 Weighted average number of ordinary shares outstanding (in thousands)		<u><u>40,000</u></u>
Basic and diluted loss per share (in Saudi Arabian Riyals)	17	<u><u>(0.83)</u></u>


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 19 form an integral part of these financial statements.

SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
For the period from 8 February 2012 to 31 December 2012

	<i>SR'000</i>
Net loss for the period	(33,019)
Other comprehensive income	-
Zakat for the period (Note 13)	(3,862)
Total comprehensive loss for the period	<u>(36,881)</u>


Chairman


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 19 form an integral part of these financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from 8 February 2012 to 31 December 2012

	<i>Notes</i>	<i>Share Capital SR'000</i>	<i>Loss for the period SR'000</i>	<i>Total SR'000</i>
Issue of share capital	9	400,000	-	400,000
Transaction costs	9	-	(7,035)	(7,035)
Net loss for the period		-	(33,019)	(33,019)
Zakat for the period	13	-	(3,862)	(3,862)
Balance at 31 December 2012		<u>400,000</u>	<u>(43,916)</u>	<u>356,084</u>


Chairman


Chief Executive Officer


Chief Financial Officer

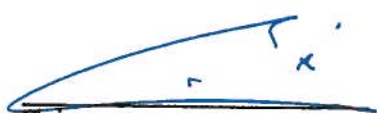
The accompanying notes 1 to 19 form an integral part of these financial statements.

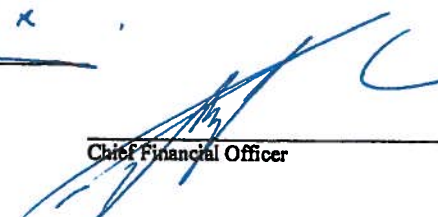
**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**


STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the period from 8 February 2012 to 31 December 2012

	<i>Notes</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Net loss for the period		(33,019)
Adjustment for:		
Amortization	5	63
Depreciation	6	2,360
Employees' end of service benefits		529
		(30,067)
Changes in assets and liabilities:		
Prepayments and other assets		(718)
Amount due from a related party		(339)
Accruals and other payables		4,883
Amount due to related parties		13
Net cash used in operating activities		(26,228)
INVESTING ACTIVITIES		
Purchase of furniture, fittings and equipment	6	(14,332)
Intangible assets acquired	5	(1,601)
Statutory deposit	7	(40,000)
Net cash used in investing activities		(55,933)
FINANCING ACTIVITIES		
Issue of share capital	9	400,000
Transaction costs	9	(7,035)
Net cash from financing activities		392,965
Cash and cash equivalents at the end of the period	3	310,804


 Chairman


 Chief Financial Officer


 Chief Executive Officer

The accompanying notes 1 to 19 form an integral part of these financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2012

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Enaya Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 98/Q dated 16 Rabi Awwal 1433 H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awwal 1433 H (corresponding to 19 February 2012). The Registered Office address of the Company is:

Ahmed Ghalib Al-Esayi Building
P.O. Box 8583,
Jeddah 21481
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/49 dated 27 Rajab 1432 H (corresponding to 29 June 2011) pursuant to the Council of Ministers' Resolution No 224 dated 25 Rajab 1432 H (corresponding to 27 June 2011). As of the date of incorporation, the Company is 77% owned by the Saudi founding shareholders and the general public and 23% owned by non-Saudi founding shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 February 2012.

The objective of the Company is to engage in cooperative insurance operations and related activities, including reinsurance, agencies, representation, correspondence and brokerage, in the Kingdom of Saudi Arabia in accordance with its articles of association, and applicable regulations in the Kingdom of Saudi Arabia. The Company is licensed to underwrite medical insurance only.

As per the Company's by-laws and articles of association, the Company's first fiscal year will commence on the issuance date of the Ministerial Resolution declaring the incorporation of the Company, which was dated 16 Rabi Awwal 1433 H (corresponding to 8 February 2012), and will end on 31 December of the following year, being 31 December 2013. However, these financial statements, which are not the statutory financial statements of the Company, cover the period from 8 February 2012 to 31 December 2012 ('the period'), and have been prepared to comply with the requirements of the Capital Market Authority.

The Company has not yet commenced its insurance operations. Hence, statements of 'insurance operations and accumulated surplus' and 'insurance operations' cash flows' have not been presented in these financial statements. As this is the first set of financial statements of the Company, no comparative information is presented in these financial statements.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b. BASIS OF PREPARATION

These financial statements are prepared under the historical cost convention.

c. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Arabian Riyals (SR), which is the Company's functional currency. All financial information presented in SR has been rounded to the nearest thousand except where indicated otherwise.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing these financial statements are set out below:

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and time deposits that have original maturity periods not exceeding three months.

Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

	<u>Years</u>
Leasehold improvements	3
Computer equipment	4
Motor vehicles	5
Furniture, fittings and office equipment	4 – 10

Residual values, useful lives and the method of the depreciation are reviewed and adjusted if appropriate at the end of each financial period. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. The depreciation charge for the period is recognised in the statement of shareholders' operations on an actual basis. Similarly, impairment losses, if any, are recognised in the statement of shareholders' operations.

Expenditure for repair and maintenance is charged to the statement of shareholders' operations. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Intangible assets

Intangible assets are non-monetary assets which have no physical existence but are independently identifiable and capable of supply of future economic benefits and the Company has earned the right due to events which have occurred in the past. They are acquired for cash and measured at the purchase price and all other directly attributable costs. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

Amortization is recognized in the statement of shareholders' operations on a straight line basis over the estimated period of economic benefits associated with intangible assets, from the date that they are available for use.

The estimated period of benefits associated with intangible assets are as follows:

	<u>Years</u>
Software	4
Licenses	4

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employee's length of service and the completion of a minimum service period. Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the statement of financial position date. The charge for the period is transferred to the statement of shareholders operations on an actual basis.

Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. Zakat is debited to the Saudi founding shareholders and general public equity accounts while income tax is debited to the non-Saudi founding shareholders' equity account. Additional amounts, if any, that may become due on finalisation of an assessment are recorded in the year in which the assessment is finalised.

As all Zakat and income tax charges will be recovered from the shareholders, no adjustments are made in the financial statements to account for the effects of deferred income taxes.

Impairment and uncollectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of shareholders' operations. Impairment is determined as follows:

- (a) for assets carried at fair value, impairment is the difference between cost and fair value;
- (b) for assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- (c) for assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective commission rate.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's (CGU), fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of shareholders' operations in expense categories consistent with the function of the impaired asset, except for a property previously revalued and where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of shareholders' operations unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Expenses

Due to the nature of the Company's operations, all expenses incurred are considered to be general and administration and are classified as such.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of shareholders' operations on a straight-line basis over the lease term.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The accounting records of the Company are maintained in Saudi Arabian Riyals. Transactions in foreign currencies are recorded in Saudi Arabian Riyals at the approximate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of shareholders' operations.

Fair values of financial instruments

Financial instruments include cash and cash equivalents, amount due from a related party, amounts due to related parties, payables and certain other assets and liabilities.

The fair value of commission bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics. The fair values of all financial instruments are estimated using methods such as net present values of future cash flows.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of shareholders' operations unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Pre-incorporation expenses

Pre-incorporation expenses that are not of economic benefit beyond the current period are charged to the statement of shareholders' operations.

Transaction costs

Transaction costs to raise capital are incremental costs that are directly attributable to the issue of share capital and are accounted for as a deduction from equity.

e. USE OF ESTIMATES AND JUDGEMENTS

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of furniture, fittings and equipment

The Company's management determines the estimated useful lives of its furniture, fittings and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Useful lives of intangible assets

The Company's management determines the estimated useful lives of its intangible assets for calculating amortization. These estimates are determined after considering the expected usage of the assets. Management reviews the residual value and useful lives annually and future amortization charges would be adjusted where the management believes the useful lives differ from previous estimates.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

f. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 1	Amendment to IFRS 1 Government Loans	1 January 2013
IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosures	1 January 2013
IFRS 9	Financial Instruments – Classification & Measurement	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements: Investments in Associates & Joint ventures	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 19	Revision to IAS 19 Employee benefits	1 January 2013
IAS 28	Investments in associates and joint ventures	1 January 2013
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 16	Amendments to classification of servicing equipments	1 January 2013
IAS 32	Amendments to tax effects of distribution to holders of equity instruments	1 January 2013
IAS 34	Amendments to interim financial reporting and segment information for total assets and liabilities	1 January 2013

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	<i>SR'000</i>
Cash in banks	40,804
Murabaha deposits	270,000
	<u>310,804</u>

The Murabaha deposits are held with commercial banks and are denominated in Saudi Arabian Riyals with original maturity not exceeding three months.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

4. PREPAYMENTS AND OTHER ASSETS

	<i>SR'000</i>
Prepayments	156
Accrued income	388
Other receivables	174
	<u>718</u>

5. INTANGIBLE ASSETS

	<i>Software SR'000</i>	<i>Licenses SR'000</i>	<i>Total SR'000</i>
Cost:			
Additions during the period and balance at the end of the period	<u>1,406</u>	<u>195</u>	<u>1,601</u>
Amortisation:			
Charge for the period and balance at the end of the period (note 11)	<u>(59)</u>	<u>(4)</u>	<u>(63)</u>
Net book value:			
At 31 December 2012	<u>1,347</u>	<u>191</u>	<u>1,538</u>

6. FURNITURE, FITTINGS AND EQUIPMENT

	<i>Leasehold improvements SR'000</i>	<i>Computer equipment SR'000</i>	<i>Motor vehicles SR'000</i>	<i>Furniture fittings and office equipment SR'000</i>	<i>Total SR'000</i>
Cost:					
Additions during the period and balance at the end of the period	<u>3,617</u>	<u>8,359</u>	<u>294</u>	<u>2,062</u>	<u>14,332</u>
Accumulated depreciation:					
Charge for the period and balance at end of the period (note 11)	<u>(757)</u>	<u>(1,389)</u>	<u>(56)</u>	<u>(158)</u>	<u>(2,360)</u>
Net book value:					
At 31 December 2012	<u>2,860</u>	<u>6,970</u>	<u>238</u>	<u>1,904</u>	<u>11,972</u>

7. STATUTORY DEPOSIT

	<i>SR'000</i>
Statutory deposit	<u>40,000</u>

As required by Saudi Arabian Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 40 million in a bank designated by the Saudi Arabian Monetary Agency ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA, and commission accruing on this deposit is payable to SAMA.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

8. ACCRUALS AND OTHER PAYABLES

	<i>SR'000</i>
Accrued expenses	3,383
Withholding tax liability	119
Others	1,381
	<u>4,883</u>

9. SHARE CAPITAL

The share capital of the Company is SR 400 million, divided into forty million shares of SR 10 each, and subscribed by the following:

	<i>Percentage holding</i>	<i>SR'000</i>
Founding shareholders	60%	240,000
General public	40%	160,000
	<u>100%</u>	<u>400,000</u>

The Company incurred a sum of SR 7.04 million as transaction costs to raise capital of SR 160 million through an Initial Public Offering (IPO) and this amount has been deducted from equity. An amount of SR 3.91 million, included in SR 7.04 million mentioned above, was paid on behalf of the Company by a founding shareholder (see note 14).

10. PRE-INCORPORATION EXPENSES WRITTEN-OFF

	<i>SR'000</i>
Employee costs	4,171
Legal and professional fees (see note (b) below)	2,768
Office rent (see note (c) below)	1,800
Others	431
	<u>9,170</u>

- a) Pre-incorporation expenses represent costs incurred by founding shareholders on behalf of the Company, and subsequently recharged to the Company, for the period up to 8 February 2012, being the date of the issuance of the Ministerial Resolution declaring the incorporation of the Company (note 14).
- b) Legal and professional fees include an amount of SR 2.3 million paid to a founding shareholder.
- c) Office rent include an amount of SR 0.76 million, paid to a founding shareholder.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2012

11. GENERAL AND ADMINISTRATION EXPENSES

	<i>SR'000</i>
Employee costs	14,910
Repairs and maintenance costs	1,745
Rent expenses	1,610
Communication expenses	388
Travelling expenses	226
Statutory expenses	260
Legal and professional fees	785
Board expenses (see note 12)	733
Depreciation (see note 6)	2,360
Amortisation (see note 5)	63
Others	1,157
	<u>24,237</u>

12. BOARD OF DIRECTORS' REMUNERATION AND RELATED EXPENSES

	<i>SR'000</i>
Board of directors' remuneration	700
Board attendance fees	33
	<u>733</u>

- a) Board of Directors' remuneration which is calculated in accordance with by-laws of the Company will be paid after obtaining approval of the shareholders.
- b) Board attendance fees represent allowances for attending board meetings and sub-committee meetings.

13. ZAKAT AND INCOME TAX

a) Zakat

The Zakat payable by the Company has been calculated in accordance with Zakat regulations in Saudi Arabia as following:

	<i>SR'000</i>
Share capital	400,000
Fixed and intangible assets	(14,487)
Statutory deposit	(40,000)
	<u>345,513</u>
Adjusted loss for the period (see note below)	(31,513)
	<u>314,000</u>
Zakat base	314,000
Attributable to Saudi founding shareholders and the general public @ 49.2%	154,488
	<u>3,862</u>

The differences between the financial and the Zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

13. ZAKAT AND INCOME TAX (continued)

b) Income tax

As the Company has incurred a loss during the period from 8 February 2012 to 31 December 2012, no provision has been established in respect of income tax in these financial statements.

Status of assessments

Subsequent to period end, the Company has received an assessment from the Department of Zakat and Income Tax ("DZIT"), claiming additional zakat amount of SR 9.72 million for the period from 6 June 2010 to 5 June 2012. The management is in the process of filing an appeal against the subject assessment. Accordingly, no provision has been made in these financial statements.

14. TRANSACTIONS WITH RELATED PARTIES

- a) In addition to Note 10 and 12, following are the details of major related party transactions during the period from 8 February 2012 to 31 December 2012 and the related balance at the period end:

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u> <u>SR'000</u>
Founding shareholders	Transaction costs paid on behalf of the Company and recharged to the Company (see note 9)	3,908
	Pre-incorporation expenses paid on behalf of the Company and recharged to the Company (see note 10)	9,170
	Furniture, fittings and office equipment acquired on behalf of the Company and recharged to the Company	16,800
	General and administration expenses incurred on behalf of the Company and recharged to the Company	6,517
	Office rent	31
	Service charges	84
Affiliate	Purchase of computer equipment, licenses and other services	9,522
Key management personnel	Short-term benefits	3,452
	Long-term benefits	131

- b) The Company, during the period ended 31 December 2012, entered into two agreements with a related party for software license and software implementation. The software implementation is in progress as at 31 December 2012. The related party has raised invoices approximating to SR 13 million, which have not yet been accounted for in these financial statements. The Company has submitted the draft agreements to SAMA for approval and will account for the above invoices on receipt of approval from SAMA.
- c) Amount due from / to related parties are disclosed in the statement of financial position.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

15 COMMITMENTS AND CONTINGENCIES

a) Operating lease commitments:

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	SR'000
Within one year	1,730
After one year but no more than five years	5,192
More than five years	-
	6,922

b) There were no capital commitments outstanding as at 31 December 2012.

16 RISK MANAGEMENT

The risks faced by the Company and the way these risks are mitigated by management are summarised below.

Regulatory framework risk

The operations of the Company are also subject to regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

Capital management (solvency) risk

Capital requirements are set and regulated by SAMA. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximise shareholders' values.

The Company manages its capital requirements by assessing shortfalls, if any, between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust any possible amount of dividends paid to shareholders or raise new capital through the Saudi stock market.

Financial risk

The Company's principal financial instruments are amount due from a related party, statutory deposit, cash and cash equivalents, amounts due to related parties and certain other assets and liabilities.

The Company does not enter into derivative transactions.

The main risks arising from the Company's financial instruments are commission rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company is not exposed to commission rate risk on its deposits as they are placed at fixed rates with commercial banks.

The Company places deposits which are realisable within three months, with the exception of restricted deposits which are required to be maintained in accordance with regulations in Saudi Arabia on which the Company does not earn any commission.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

16. RISK MANAGEMENT (continued)

Financial risk (continued)

Details of maturities of the major classes of commission bearing securities as at 31 December are as follows:

<i>Shareholders' Operations</i>	<i>2012 (SR '000)</i>			<i>Total</i>
	<i>Less than 3 months</i>	<i>3 months to 1 year</i>	<i>No fixed maturity</i>	
Short-term murabaha deposits (note 3)	270,000	-	-	270,000

The maturities of deposits have been determined on the basis of the remaining period, at the statement of financial position date, to the contractual maturity date.

The effective commission rates for the commission bearing financial instruments, at 31 December, were as follows:

	<i>2012</i>
<i>Shareholders' Operations</i>	
Saudi Arabian Riyal denominated deposits	1.55%

The following information demonstrates the sensitivity of statement of shareholders operations to reasonably possible changes in commission rates, with all other variables held constant.

	<i>2012 SR '000 Effect on loss</i>
<i>Insurance operations</i>	
<i>Saudi Arabian Riyals:</i>	
Increase in commission rates by 100 basis points	669
Decrease in commission rates by 100 basis points	(669)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations, as the Company primarily deals in Saudi Arabian Riyals.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

At 31 December 2012, the Company is not exposed to any significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The Company's financial liabilities consist of amounts due to related parties and certain other liabilities. All financial liabilities, except for employees' end of service benefits which are non-current in nature, are non-commission bearing and expected to be settled within 12 months from the statement of financial position date.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2012

17 LOSS PER SHARE

The loss per share has been calculated by dividing the net loss for the period by the weighted average number of ordinary shares issued and outstanding at the period end. Diluted earnings per share are not applicable for the Company.

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company's financial assets consist of cash and cash equivalents, amount due from a related party and accrued income and its financial liabilities consist of amount due to related parties and other liabilities. The fair values of financial instruments are not materially different from their carrying values. At 31 December 2012, there were no other financial instruments held by the Company that were measured at fair value.

19 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorized for issue by the Board of Directors on 12 February 2013, corresponding to 2 Rabi Alawwal 1434 H.